EXHIBIT H

BARRON'S
Barron's

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HEADLINE: Don't Ask, Don't Tell: Bernie Madoff is so secretive, he even asks his investors to keep mum

BYLINE: By Erin E. Arvedlund

BODY:

Two years ago, at a hedge-fund conference in New York, attendees were asked to name some of their favorite and most-respected hedge-fund managers. Neither George Soros nor Julian Robertson merited a single mention. But one manager received lavish praise: Bernard Madoff.

Folks on Wall Street know Bernie Madoff well. His brokerage firm, Madoff Securities, helped kick-start the Nasdaq Stock Market in the early 1970s and is now one of the top three market makers in Nasdaq stocks. Madoff Securities is also the third-largest firm matching buyers and sellers of New York Stock Exchange-listed securities. Charles Schwab, Fidelity Investments and a slew of discount brokerages all send trades through Madoff.

But what few on the Street know is that Bernie Madoff also manages more than $6 billion for wealthy individuals. That's enough to rank Madoff's operation among the world's five largest hedge funds, according to a May 2001 report in MAR Hedge, a trade publication.

What's more, these private accounts, have produced compound average annual returns of 15% for more than a decade. Remarkably, some of the larger, billion-dollar Madoff-run funds have never had a down year.

When Barron's asked Madoff how he accomplishes this, he says, "It's a proprietary strategy. I can't go into it in great detail."

Nor were the firms that market Madoff's funds forthcoming. "It's a private fund. And so our inclination has been not to discuss its returns," says Jeffrey Tucker, partner and co-founder of Fairfield Greenwich, a New York City-based hedge-fund marketer. "Why Barron's would have any interest in this fund I don't know." One of Fairfield Greenwich's most sought-after funds is Fairfield Sentry Limited. Managed by Bernie Madoff, Fairfield Sentry has assets of $3.3 billion.

One of Madoff's hedge-fund offering memorandums describes his strategy this way: "Typically, a position will consist of the ownership of 30-35 S&P 100 stocks, most correlated to that index, the sale of out-of-the-money calls on the index and the purchase of out-of-the-money puts on the index. The sale of the calls is designed to increase the rate of return, while allowing upward movement of the stock portfolio to the strike price of the calls. The puts, funded in large part by the sale of the calls, limit the portfolio's downside."

Among options traders, that's known as the "split-strike conversion" strategy. In layman's terms, it means Madoff invests primarily in the largest stocks in the S&P 100 index -- names like General Electric, Intel and Coca-Cola. At the same time, he buys and sells options against those stocks. For example, Madoff might purchase shares of GE and

sell a call option on a comparable number of shares -- that is, an option to buy the shares at a fixed price at a future date. At the same time, he would buy a put option on the stock, which gives him the right to sell shares at a fixed price at a future date.

The strategy, in effect, creates a boundary on a stock, limiting its upside while at the same time protecting against a sharp decline in the share price. When done correctly, this so-called market-neutral strategy produces positive returns no matter which way the market goes.

Using this split-strike conversion strategy, the Fairfield Sentry Limited fund has had only four down months since inception in 1989. In 1990, Fairfield Sentry was up 27%. In the ensuing decade, it returned no less than 11% in any year, and sometimes as high as 18%. Last year, Fairfield Sentry returned 11.55% and so far in 2001, the fund is up 3.52%.

Those returns have been so consistent that some on the Street have begun speculating that Madoff's market-making operation subsidizes and smooths his hedge-fund returns.

Why would Madoff Securities do this? Because, in having access to such a huge capital base, it can make much larger bets -- with very little risk -- than it could otherwise. It works like this: Madoff Securities stands in the middle of a tremendous river of orders, which means that its traders have advance knowledge, if only by a few seconds, of what the big customers in the market are buying and selling. And by hopping on the bandwagon, the market maker effectively locks in profits. As such, throwing a little cash back to the hedge funds would be no big deal. And the funds' consistent returns, in turn, attract more capital.

When Barron's ran that scenario by Madoff, he dismissed it as "ridiculous."

Still, some on Wall Street remain skeptical about how Madoff achieves such stunning double-digit returns using options alone. Three option strategists for major investment banks told Barron's they couldn't understand how Madoff churns out such numbers using this strategy. Adds a former Madoff investor: "Anybody who's a seasoned hedge- fund investor knows the split-strike conversion is not the whole story. To take it at face value is a bit naive."

Madoff dismisses such skepticism. "Whoever tried to reverse-engineer [the strategy], he didn't do a good job. If he did, these numbers would not be unusual."

Adding further mystery to Madoff's motives is the fact that he charges no fees for his money management services. Indeed, while fund marketers like Fairfield Greenwich rake off a 1.5% from investors, none of that goes back to Madoff. Nor does he charge a fee on money he manages in private accounts? Why not? "We're perfectly happy to just earn commissions on the trades," he says.

The lessons of Long-Term Capital Management's collapse are that investors need, or should want, transparency in their money manager's investment strategy. But Madoff's investors rave about his performance -- even though they don't understand how he does it. "Even knowledgeable people can't really tell you what he's doing," one very satisfied investor told Barron's. "People who have all the trade confirms and statements still can't define it very well. The only thing I know is that he's often in cash" when volatility levels get extreme. This investor declined to be quoted by name. Why? Because Madoff politely requests that his investors not reveal that he runs their money.

"What Madoff told us was, 'If you invest with me, you must never tell anyone that you're invested with me. It's no one's business what goes on here,'" says an investment manager who took over a pool of assets that included an investment in a Madoff fund. "When he couldn't explain [to my satisfaction] how they were up or down in a particular month," he added, "I pulled the money out."

For investors who aren't put off by such secrecy, there are a few ways to get into Madoff funds. Fairfield and Kingate Management both market funds that are managed by Madoff. Tremont Advisers, a publicly traded hedge-fund advisory firm offers Madoff-managed funds.

NOTES:
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EXHIBIT I

Madoff tops charts; skeptics ask how

By Michael Ocrant

Mention Bernard L. Madoff Investment Securities to anyone working on Wall Street at any time over the last 40 years and you're likely to get a look of immediate recognition.

After all, Madoff Securities, with its 600 major brokerage clients, is ranked as one of the top three market makers in Nasdaq stocks, cites itself as probably the largest source of order flow for New York Stock Exchange-listed securities, and remains a huge player in the trading of preferred, convertible and other specialized securities instruments.

Beyond that, Madoff operates one of the most successful "third markets" for trading equities after regular exchange hours, and is an active market maker in the European and Asian equity markets. And with a group of partners, it is leading an effort and developing the technology for a new electronic auction market trading system called Primex.

But it's a safe bet that relatively few Wall Street professionals are aware that Madoff Securities could be categorized as perhaps the best risk-adjusted hedge fund portfolio manager for the last dozen years. Its \$6–7 billion in assets under management, provided primarily by three feeder funds, currently would put it in the number one or two spot in the Zurich (formerly MAR) database of more than 1,100 hedge funds, and would place it at or near the top of any well-known database in existence defined by assets.

More important, perhaps, most of those who are aware of Madoff's status in the hedge fund world are baffled by the way the firm has obtained such consistent, nonvolatile returns month after month and year after year.

Madoff has reported positive returns for the last 11-plus years in assets managed on behalf of the feeder fund known as Fairfield Sentry, which in providing capital for the program since 1989 has been doing it longer than any of the other feeder funds. Those other funds have demonstrated equally positive track records using the same strategy for much of that period.

Lack of volatility

Those who question the consistency of the returns, though not necessarily the ability to generate the gross and net returns reported, include current and former traders, other money managers, consultants, quantitative analysts and fund-of-funds executives, many of whom are familiar with the so-called split-strike conversion strategy used to manage the assets.

These individuals, more than a dozen in all, offered their views, speculation and opinions on the condition that they wouldn't be identified. They noted that others who use or have used the strategy—described as buying a basket of stocks closely correlated to an index, while concurrently selling out-of-the-money call options on the index and buying out-of-the-money put options on the index—are known to have had nowhere near the same degree of success.

The strategy is generally described as putting on a "collar" in an attempt to limit gains compared to the benchmark index in an up market and, likewise, limit losses to something less than the benchmark in a down market, essentially creating a floor and a ceiling.

Madoff's strategy is designed around multiple stock baskets made up of 30–35 stocks most correlated to the S&P 100 index. In marketing material issued by Fairfield Sentry, the sale of the calls is described as increasing "the standstill rate of return, while allowing upward movement of the stock portfolio to the

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strike price of the calls." The puts, according to the same material, are "funded in large part by the sale of the calls, [and] limit the portfolio's downside.

"A bullish or bearish bias can be achieved by adjusting the strike prices of the options, overweighting the puts, or underweighting the calls. However, the underlying value of the S&P 100 puts is always approximately equal to that of the portfolio of stocks," the marketing document concludes.

Throughout the entire period Madoff has managed the assets, the strategy, which claims to use OTC options almost entirely, has appeared to work with remarkable results.

Again, take the Fairfield Sentry fund as the example. It has reported losses of no more than 55 basis points in just four of the past 139 consecutive months, while generating highly consistent gross returns of slightly more than 1.5% a month and net annual returns roughly in the range of 15.0%.

Among all the funds on the database in that same period, the Madoff/Fairfield Sentry fund would place at number 16 if ranked by its absolute cumulative returns.

Among 423 funds reporting returns over the last five years, most with less money and shorter track records, Fairfield Sentry would be ranked at 240 on an absolute return basis and come in number 10 if measured by risk-adjusted return as defined by its Sharpe ratio.

What is striking to most observers is not so much the annual returns—which, though considered somewhat high for the strategy, could be attributed to the firm's market making and trade execution capabilities—but the ability to provide such smooth returns with so little volatility.

The best known entity using a similar strategy, a publicly traded mutual fund dating from 1978 called Gateway, has experienced far greater volatility and lower returns during the same period.

The capital overseen by Madoff through Fairfield Sentry has a cumulative compound net return of 397.5%. Compared with the 41 funds in the Zurich database that reported for the same historical period, from July 1989 to February 2001, it would rank as the best performing fund for the period on a risk-adjusted basis, with a Sharpe ratio of 3.4 and a standard deviation of 3.0%. (Ranked strictly by standard deviation, the Fairfield Sentry funds would come in at number three, behind two other market neutral funds.)

Questions abound

Bernard Madoff, the principal and founder of the firm who is widely known as Bernie, is quick to note that one reason so few might recognize Madoff Securities as a hedge fund manager is because the firm makes no claim to being one.

The acknowledged Madoff feeder funds—New York-based Fairfield Sentry and Tremont Advisors' Broad Market; Kingate, operated by FIM of London; and Swiss-based Thema—derive all the incentive fees generated by the program's returns (there are no management fees), provide all the administration and marketing for them, raise the capital and deal with investors, says Madoff.

Madoff Securities' role, he says, is to provide the investment strategy and execute the trades, for which it generates commission revenue.

[Madoff Securities also manages money in the program allocated by an unknown number of endowments, wealthy individuals and family offices. While Bernie Madoff refuses to reveal total assets under management, he does not dispute that the figure is in the range of $6 billion to $7 billion.]

Madoff compares the firm's role to a private managed account at a broker-dealer, with the broker-dealer providing investment ideas or strategies and executing the trades and making money off the account by charging commission on each trade.

Skeptics who express a mixture of amazement, fascination and curiosity about the program wonder, first, about the relative complete lack of volatility in the reported monthly returns.

But among other things, they also marvel at the seemingly astonishing ability to time the market and

move to cash in the underlying securities before market conditions turn negative; and the related ability to buy and sell the underlying stocks without noticeably affecting the market.

In addition, experts ask why no one has been able to duplicate similar returns using the strategy and why other firms on Wall Street haven't become aware of the fund and its strategy and traded against it, as has happened so often in other cases; why Madoff Securities is willing to earn commissions off the trades but not set up a separate asset management division to offer hedge funds directly to investors and keep all the incentive fees for itself, or conversely, why it doesn't borrow the money from creditors, who are generally willing to provide leverage to a fully hedged portfolio of up to seven to one against capital at an interest rate of Libor-plus, and manage the funds on a proprietary basis.

These same skeptics speculate that at least part of the returns must come from other activities related to Madoff's market making. They suggest, for example, that the bid-ask spreads earned through those activities may at times be used to "subsidize" the funds.

According to this view, the benefit to Madoff Securities is that the capital provided by the funds could be used by the firm as "pseudo equity," allowing it either to use a great deal of leverage without taking on debt, or simply to conduct far more market making by purchasing additional order flow than it would otherwise be able to do.

And even among the four or five professionals who express both an understanding of the strategy and have little trouble accepting the reported returns it has generated, a majority still expresses the belief that, if nothing else, Madoff must be using other stocks and options rather than only those in the S&P 100.

Bernie Madoff is willing to answer each of those inquiries, even if he refuses to provide details about the trading strategy he considers proprietary information.

And in a face-to-face interview and several telephone interviews, Madoff sounds and appears genuinely amused by the interest and attention aimed at an asset management strategy designed to generate conservative, low risk returns that he notes are nowhere near the top results of well-known fund managers on an absolute return basis.

Lack of volatility illusory

The apparent lack of volatility in the performance of the fund, Madoff says, is an illusion based on a review of the monthly and annual returns. On an intraday, intraweek and intramonth basis, he says, "the volatility is all over the place," with the fund down by as much as 1%.

But as whole, the split-strike conversion strategy is designed to work best in bull markets and, Madoff points out, until recently "we've really been in a bull market since '82, so this has been a good period to do this kind of stuff."

Market volatility, moreover, is the strategy's friend, says Madoff, as one of the fundamental ideas is to exercise the calls when the market spikes, which with the right stock picks would add to the performance.

In the current bearish environment, when some market experts think the fund should have been showing negative returns, albeit at levels below the benchmark index, managing the strategy has become more difficult, says Madoff, although performance has remained positive or, as in February, flat.

The worst market to operate in using the strategy, he adds, would be a protracted bear market or "a flat, dull market." In a stock market environment similar to what was experienced in the 1970s, for instance, the strategy would be lucky to return "T-bill like returns."

Market timing and stock picking are both important for the strategy to work, and to those who express astonishment at the firm's ability in those areas, Madoff points to long experience, excellent technology that provides superb and low-cost execution capabilities, good proprietary stock and options pricing models, well-established infrastructure, market making ability and market intelligence derived from the massive amount of order flow it handles each day.

The strategy and trading, he says, are done mostly by signals from a proprietary "black box" system

that allows for human intervention to take into account the "gut feel" of the firm's professionals. "I don't want to get on an airplane without a pilot in the seat," says Madoff. "I only trust the autopilot so much."

As for the specifics of how the firm manages risk and limits the market impact of moving so much capital in and out of positions, Madoff responds first by saying, "I'm not interested in educating the world on our strategy, and I won't get into the nuances of how we manage risk." He reiterates the undisputed strengths and advantages the firm's operations provide that make it possible.

Multiple stock baskets

Avoiding market impact by trading the underlying securities, he says, is one of the strategy's primary goals. This is done by creating a variety of stock baskets, sometimes as many as a dozen, with different weightings that allow positions to be taken or unwound slowly over a one- or two-week period.

Madoff says the baskets comprise the most highly capitalized liquid securities in the market, making the entry and exit strategies easier to manage.

He also stresses that the assets used for the strategy are often invested in Treasury securities as the firm waits for specific market opportunities. He won't reveal how much capital is required to be deployed at any given time to maintain the strategy's return characteristics, but does say that "the goal is to be 100% invested."

The inability of other firms to duplicate his firm's success with the strategy, says Madoff, is attributable, again, to its highly regarded operational infrastructure. He notes that one could make the same observation about many businesses, including market making firms.

Many major Wall Street broker-dealers, he observes, previously attempted to replicate established market making operations but gave up trying when they realized how difficult it was to do so successfully, opting instead to acquire them for hefty sums.

[Indeed, says Madoff, the firm itself has received numerous buyout offers but has so far refused any entreaties because he and the many members of his immediate and extended family who work there continue to enjoy what they do and the independence it allows and have no desire to work for someone else.]

Similarly, he adds, another firm could duplicate the strategy in an attempt to get similar results, but its returns would likely be unmatched because "you need the physical plant and a large operation" to do it with equal success. However, many Wall Street firms, he says, do use the strategy in their proprietary trading activities, but they don't devote more capital to such operations because their return on capital is better used in other operations.

Setting up a proprietary trading operation strictly for the strategy, or a separate asset management division in order to collect the incentive fees, says Madoff, would conflict with his firm's primary business of market making.

Commissions suffice

"We're perfectly happy making the commissions" by trading for the funds, he says, which industry observers note also gives the firm the entirely legitimate opportunity to "piggyback" with proprietary trading that is given an advantage by knowing when and where orders are being placed.

Setting up a division to offer funds directly, says Madoff, is not an attractive proposition simply because he and the firm have no desire to get involved in the administration and marketing required for the effort, nor to deal with investors.

Many parts of the firm's operations could be similarly leveraged, he notes, but the firm generally believes in concentrating on its core strengths and not overextending itself. Overseeing the capital provided by the funds and its managed accounts, he says, provides another fairly stable stream of revenue that offers some degree of operational diversification.

Madoff readily dismisses speculation concerning the use of the capital as "pseudo equity" to support the firm's market making activities or provide leverage. He says the firm uses no leverage, and has more than enough capital to support its operations.

He notes that Madoff Securities has virtually no debt and at any given time no more than a few hundred million dollars of inventory.

Since the firm makes markets in only the most highly capitalized, liquid stocks generally represented by the S&P 500 index, a majority of which are listed on the NYSE, as well as the 200 most highly capitalized Nasdaq-listed stocks, says Madoff, it has almost no inventory risk.

Finally, Madoff calls ridiculous the conjecture that the firm at times provides subsidies generated by its market making activities to smooth out the returns of the funds in a symbiotic relationship related to its use of the capital as a debt or equity substitute. He agrees that the firm could easily borrow the money itself at a fairly low interest rate if it were needed, and would therefore have no reason to share its profits. "Why would we do that?"

Still, when the many expert skeptics were asked by MAR/Hedge to respond to the explanations about the funds, the strategy and the consistently low volatility returns, most continued to express bewilderment and indicated they were still grappling to understand how such results have been achieved for so long.

Madoff, who believes that he deserves "some credibility as a trader for 40 years," says: "The strategy is the strategy and the returns are the returns." He suggests that those who believe there is something more to it and are seeking an answer beyond that are wasting their time.

EXHIBIT J

U.S. Securities and Exchange Commission

Office of Investigations

Investigation of Failure of the SEC to Uncover Bernard Madoff's Ponzi Scheme - Public Version -

August 31, 2009
Report No. OIG-509

(59) Redacted* name of Examiner, New York Regional Office, Securities and Exchange Commission, conducted on August 12, 2009, referred to in the ROI as "New York Examiner," at Exhibit 110.

(60) Redacted* name of Senior Counsel, Office of Investor Education and Advocacy, Securities and Exchange Commission, conducted on August 13, 2009, referred to in the ROI as "OIEA Senior Counsel," at Exhibit 111.

(61) Kenneth Liebl, Securities Compliance Examiner (now Branch Chief), New York Regional Office, Securities and Exchange Commission, conducted on August 17, 2009, at Exhibit 102.

The OIG also reviewed the testimony of the Hearing Before the Committee on Financial Services, United States House of Representatives, 111th Congress, February 4, 2009, *Assessing the Madoff Ponzi Scheme and Regulatory Failures*, which included testimony from Harry Markopolos, former Enforcement Director Linda Thomsen, Investment Management Director Andrew Donohue, former Trading and Markets Director Erik Sirri, then-acting General Counsel Andy Vollmer, former Office of Compliance Inspections and Examinations Director Lori Richards, and FINRA's then-Interim Chief Executive Officer Stephen Luparello.

We also reviewed various documents in connection with the current criminal investigation of Madoff, including the allocution transcripts of Bernard Madoff (March 12, 2009 Allocution Testimony) and Frank DiPascali (August 11, 2009 Allocution Testimony).

Executive Summary

The OIG investigation did not find evidence that any SEC personnel who worked on an SEC examination or investigation of Bernard L. Madoff Investment Securities, LLC (BMIS) had any financial or other inappropriate connection with Bernard Madoff or the Madoff family that influenced the conduct of their examination or investigatory work. The OIG also did not find that former SEC Assistant Director Eric Swanson's romantic relationship with Bernard Madoff's niece, Shana Madoff, influenced the conduct of the SEC examinations of Madoff and his firm. We also did not find that senior officials at the SEC directly attempted to influence examinations or investigations of Madoff or the Madoff firm, nor was there evidence any senior SEC official interfered with the staff's ability to perform its work.

The OIG investigation did find, however, that the SEC received more than ample information in the form of detailed and substantive complaints over the years to warrant a

* After the OIG issued the ROI to the Chairman of the SEC, at the SEC's request, the OIG prepared a modified public version of the ROI which redacted the identities of certain individuals because of privacy concerns as well as additional language at the request of the U.S. Department of Justice.

thorough and comprehensive examination and/or investigation of Bernard Madoff and BMIS for operating a Ponzi scheme, and that despite three examinations and two investigations being conducted, a thorough and competent investigation or examination was never performed. The OIG found that between June 1992 and December 2008 when Madoff confessed, the SEC received six[10] substantive complaints that raised significant red flags concerning Madoff's hedge fund operations and should have led to questions about whether Madoff was actually engaged in trading. Finally, the SEC was also aware of two articles regarding Madoff's investment operations that appeared in reputable publications in 2001 and questioned Madoff's unusually consistent returns.

The first complaint, brought to the SEC's attention in 1992, related to allegations that an unregistered investment company was offering "100%" safe investments with high and extremely consistent rates of return over significant periods of time to "special" customers. The SEC actually suspected the investment company was operating a Ponzi scheme and learned in their investigation that all of the investments were placed entirely through Madoff and consistent returns were claimed to have been achieved for numerous years without a single loss.

The second complaint was very specific and different versions were provided to the SEC in May 2000, March 2001 and October 2005. The complaint submitted in 2005 was entitled "The World's Largest Hedge Fund is a Fraud" and detailed approximately 30 red flags indicating that Madoff was operating a Ponzi scheme, a scenario it described as "highly likely." The red flags included the impossibility of Madoff's returns, particularly the consistency of those returns and the unrealistic volume of options Madoff represented to have traded.

In May 2003, the SEC received a third complaint from a respected Hedge Fund Manager identifying numerous concerns about Madoff's strategy and purported returns, questioning whether Madoff was actually trading options in the volume he claimed, noting that Madoff's strategy and purported returns were not duplicable by anyone else, and stating Madoff's strategy had no correlation to the overall equity markets in over 10 years. According to an SEC manager, the Hedge Fund Manager's complaint laid out issues that were "indicia of a Ponzi scheme."

The fourth complaint was part of a series of internal e-mails of another registrant that the SEC discovered in April 2004. The e-mails described the red flags that a registrant's employees had identified while performing due diligence on their own Madoff investment using publicly-available information. The red flags identified included Madoff's incredible and highly unusual fills for equity trades, his misrepresentation of his options trading and his unusually consistent, non-volatile returns over several years. One of the internal e-mails provided a step-by-step analysis of why Madoff must be misrepresenting his options trading. The e-mail clearly explained that Madoff could not be trading on an options exchange because of insufficient volume and

[10] There were arguably eight complaints, since as described in greater detail below, three versions of one of these six complaints were actually brought to the SEC's attention, with the first two versions being dismissed entirely, and an investigation not opened until the third version was submitted.

could not be trading options over-the-counter because it was inconceivable that he could find a counterparty for the trading. The SEC examiners who initially discovered the e-mails viewed them as indicating "some suspicion as to whether Madoff is trading at all."

The fifth complaint was received by the SEC in October 2005 from an anonymous informant and stated, "I know that Madoff [sic] company is very secretive about their operations and they refuse to disclose anything. If my suspicions are true, then they are running a highly sophisticated scheme on a massive scale. And they have been doing it for a long time." The informant also stated, "After a short period of time, I decided to withdraw all my money (over $5 million)."

The sixth complaint was sent to the SEC by a "concerned citizen" in December 2006, advising the SEC to look into Madoff and his firm as follows:

> Your attention is directed to a scandal of major proportion which was executed by the investment firm Bernard L. Madoff . . . . Assets well in excess of $10 Billion owned by the late [investor], an ultra-wealthy long time client of the Madoff firm have been "co-mingled" with funds controlled by the Madoff company with gains thereon retained by Madoff.

In March 2008, the SEC Chairman's office received a second copy of the previous complaint, with additional information from the same source regarding Madoff's involvement with the investor's money, as follows:

> It may be of interest to you to that Mr. Bernard Madoff keeps two (2) sets of records. The most interesting of which is on his computer which is always on his person.

The two 2001 journal articles also raised significant questions about Madoff's unusually consistent returns. One of the articles noted his "astonishing ability to time the market and move to cash in the underlying securities before market conditions turn negative and the related ability to buy and sell the underlying stocks without noticeably affecting the market." This article also described that "experts ask why no one has been able to duplicate similar returns using [Madoff's] strategy." The second article quoted a former Madoff investor as saying, "Anybody who's a seasoned hedge-fund investor knows the split-strike conversion is not the whole story. To take it at face value is a bit naïve."

The complaints all contained specific information and could not have been fully and adequately resolved without thoroughly examining and investigating Madoff for operating a Ponzi scheme. The journal articles should have reinforced the concerns about how Madoff could have been achieving his returns.

EXHIBIT K

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

OFFICE OF COMPLIANCE
INSPECTIONS AND
EXAMINATIONS

January 6, 2004

Via Facsimile to (212) 486-8178
and U.S. First-Class Mail

Peter B. Madoff
Chief Compliance Officer
Bernard L. Madoff Investment Securities, LLC
885 Third Avenue
New York, New York 10022

Dear Mr. Madoff:

Pursuant to Section 17(a)(1) of the Securities Exchange Act of 1934 and Rule 17a-4 thereunder, the Office of Compliance Inspections and Examinations ("OCIE" or "Staff") is conducting an examination of Bernard L. Madoff Investment Securities, LLC and its affiliates (referred to herein as "Madoff Securities"). The Staff requests that Madoff Securities provide the following information on or before January 21, 2004.

1. For the time period of January 1, 2001 through the present, provide the following:

   a. monthly profit and loss statements by security (to be provided electronically in an Excel spreadsheet);

   b. monthly commission revenues segregated by customer and by security (to be provided electronically in an Excel spreadsheet);

   c. the identity of all institutional customers of Madoff Securities;

   d. all commission rates charged to institutional customers, including any changes to those commission rates, the customers charged those rates, and the monthly totals of commissions paid by customer;

   e. a detailed organizational chart of Madoff Securities; and

   f. the identity of each private equity investment held by Madoff Securities or any person affiliated with Madoff Securities, including, but not limited to, a description of the investment vehicle (including whether or not the entity is a hedge fund), the amount invested, the

ownership interest of the investment, the date of the investment, the date the investment was either sold or transferred, and any relationship between the investment vehicle or its affiliates and Madoff Securities.

2. Describe the "split-strike forward conversion" strategy used by some customers of Madoff Securities, list the customers using that strategy, list all securities traded as part of that strategy, and explain how Madoff Securities is compensated for executing that strategy. Provide copies of all communications and disclosures from the customers using the strategy to the investors or owners, or any prospective investors or owners, since January 1, 2001.

3. Identify all hedge funds managed or advised by any person or entity affiliated with Madoff Securities, and include the name of each fund, the identification of all advisers and managers of each fund, all affiliated entities of each fund, the investment objective and strategy of each fund, and all investors or owners of each fund since January 1, 2001.

Additional documents and information may be requested if necessary. If you have any questions, please contact me a[redacted]or Mark Donohue at [redacted] Thank you for your cooperation.

Sincerely,

Eric J. Swanson
Assistant Director

Cc: SEC Form 1661

EXHIBIT L

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

OFFICE OF COMPLIANCE
INSPECTIONS AND
EXAMINATIONS

February 18, 2004

Via Facsimile to (212) 486-8178
and U.S. First-Class Mail

Peter B. Madoff
Chief Compliance Officer
Bernard L. Madoff Investment Securities, LLC
885 Third Avenue
New York, New York 10022

Re: Request for Information dated January 6, 2004

Dear Mr. Madoff:

Pursuant to Section 17(a)(1) of the Securities Exchange Act of 1934 and Rule 17a-4 thereunder, the Office of Compliance Inspections and Examinations ("OCIE" or "Staff") is conducting an examination of Bernard L. Madoff Investment Securities, LLC and its affiliates (referred to herein as "Madoff Securities"). In addition to the information provided in response to our letter dated January 6, 2004, provide the following information on or before March 3, 2004.

1. For the time period January 2001 through the present, provide all written communications between Madoff Securities and those clients utilizing the split-strike forward conversion strategy, their affiliates, subsidiaries, agents, investors, or owners, including, but not limited to, correspondence, reports, memoranda, account statements, account summaries, and emails.

2. For the time period January 2001 through the present, provide the following documents and information relating to the accounts of those clients of Madoff Securities utilizing the split-strike forward conversion strategy:
   a. Records of all transactions (to the extent not already provided in the account statements and summaries);
   b. Reports (internal or otherwise) identifying profits, losses, expenses, fees, or commissions or any monies equivalent to commissions (*e.g.*, "commission equivalent"); and
   c. Memoranda and reports relating to trading strategies, investment strategies, or research.

Peter B. Madoff
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February 18, 2004

3. Provide the following documents relating to any client of Madoff Securities utilizing the split-strike forward conversion strategy:
   a. Agreements (including prime brokerage agreements and options trading agreements), and any amendments thereto;
   b. New account opening documents, including any documents attached thereto, and any subsequently received documents relating to the new account opening;
   c. Corporate and partnership documents; and
   d. Trading authorizations.

Additional documents and information may be requested if necessary. If you have any questions, please contact me at [redacted] or Mark Donohue at [redacted] Thank you for your cooperation.

Sincerely,

Eric Swanson

Eric J. Swanson
Assistant Director

EXHIBIT M

April 8, 2003

VIA FACSIMILE AND MAIL
(212) 486-8178

Peter Madoff
Chief Executive Officer
Bernard L. Madoff Investment Securities, LLC
885 Third Avenue
New York, NY 10022

Dear Mr. Madoff:

Pursuant to Section 17(a) of the Securities and Exchange Act of 1934, the Office of Compliance Inspections and Examinations ("OCIE" or "Staff") is conducting an inspection of Bernard L. Madoff Investment Securities, LLC's ("Madoff") execution practices for retail-sized orders in the Nasdaq 100 Index Exchange Traded Fund ("QQQ").

Please forward the following information and documents by April 22, 2003:

1. For the period January 6-10, 2003, provide all order and execution data for QQQ. Please include for each order:

   a. The date & time of receipt;
   b. The number of shares;
   c. Order type (*e.g.*, Buy, Sell, Short Sell, etc.);
   d. Order designation (*e.g.*, market order, limit order, stop order, stop limit order, or other type of order);
   e. The time and price of execution;
   f. The number of shares executed;
   g. If the order was not executed, the resolution of the order (*e.g.*, cancelled, expired, routed, etc.);
   h. Identity of the parties to the transaction; and,

i. Any and all other order data for QQQ recorded or saved by Madoff that is not specifically requested above.

2. Please describe in detail Madoff's methodology for executing orders, including but not limited to the following:

a. Policies and Procedures regarding the handling of customer orders;

b. Policies and Procedures for the automatic execution of orders;

c. Policies and Procedures for the manual execution of customer orders;

d. Policies and Procedures regarding the execution of orders when the market for a security is locked or crossed; and,

e. Both standardized and specific agreements with customers regarding the internalization and automatic execution of orders.

Please note that additional documents and information may be requested. If you have any questions, please contact me at [redacted] or Matt Daugherty at [redacted] Thank you for your cooperation.

Sincerely,

Eric J. Swanson
Assistant Director